

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES
SEPTEMBER 18, 2019 AT 11:00 A.M. CDT VIA CONFERENCE CALL
BECKER-HANSEN BUILDING / DOT COMMISSION ROOM
700 EAST BROADWAY AVENUE, PIERRE, SOUTH DAKOTA**

MEMBERS PRESENT

VIA CONFERENCE CALL: Jerry Cope, Chairman
Jeff Burket, Vice-chairman
Greg Carmon, Member
Jon Kirby, Member
Jack Nelson, Member

MEMBERS PRESENT: Gary Doering, Member

DOT STAFF PRESENT: Joel Jundt, Karla Engle, Jack Dokken, Bonnie Olson, Perry Griffith, Misty Siedschlaw, Lynn Kennison, and Kari Kroll

OTHERS PRESENT: Dan Kippley – Ellis & Eastern Company

OTHERS PRESENT

VIA CONFERENCE CALL: Alex Huff; Dick Huff; Scott Van Den Top – D & I Railroad Co. (D&I); Rob Everist – D&I; Mark Wagner – Sisseton-Milbank Railroad Company (SMRR)

Chairman Jerry Cope called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:00 a.m. CDT.

Cope asked for those present to identify themselves and determined a quorum was present.

Cope opened the floor to the Board members to disclose potential conflicts of interest and to present requests for waiver pursuant to the South Dakota Codified Law (SDCL) chapter 3 – 23.

No conflicts of interest were disclosed, and no waivers were requested.

Cope asked for a motion to approve the August 21, 2019, Board meeting minutes.

A MOTION WAS MADE BY Burket and seconded by Carmon to approve the August 21, 2019, Board meeting minutes. All present voted aye by roll call vote. The motion carried.

Cope opened the floor to public input. No members of the public addressed the Board or offered input.

Deputy Secretary Joel Jundt presented the Secretary's Report. Jundt shared that the Invitation for Proposal (IFP) states the Department of Transportation (the "Department") will issue an addendum to the IFP identifying the dates and times of the tours to be conducted of each of the state-owned rail lines. The addendum will be posted by this Friday, September 20, 2019. The Department is looking at dates for the tours in the first part of October. Cope asked about the number of representatives of a potential proposer who may be allowed on the tour and the answer was one, but possibility more if space is available.

Jundt opened the discussion of the Special Transportation Circumstances (STC) grant applications. Jundt provided a brief background of the STC grant funds and descriptions of the five proposed projects the Board previously received. The deadline for the Department to submit applications for 2019 STC grant funding is November 12, 2019. Jundt recommended the Board review the previously deferred applications and make final decisions about those applications at the October meeting. The consensus of the Board was to invite previous applicants to provide an update on their applications for their proposed projects as well as allow any new applicants to submit a proposal for Board review at the October meeting. All applicants and required supporting documentation must be submitted to the Department on or before November 5, 2019.

Jundt presented information regarding excess property. Section 3.11 of the IFP indicates that any sale of the lines will be subject to the permits, licenses, excess property leases, and other land use agreements that apply to the purchased lines. The Department mailed 198 letters to excess property lease holders and 1,005 letters to permittees. The letters were to notify the parties of the potential sale of the line and request the lease holders to let the Department know if the lease holders are interested in acquiring the property currently under lease. To date the Department has received 33 responses on 46 leased areas. The Department will send out a second letter to the lease holders offering the lease holders one last opportunity to express their interest in acquiring the excess property, with responses due by a specific date. The consensus of the Board was to consider individual responses at the Board's November meeting.

Dan Kippley of Ellis & Eastern Company addressed the Board regarding an upcoming Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant application. Initially, Ellis & Eastern Company requested the Board offer a letter of support for the CRISI grant application and the Department submit the grant application on behalf of Ellis & Eastern Company with the Department to administrator the CRISI grant. Ellis & Eastern Company would be responsible for 51% of the cost of the project with CRISI grant funds to make up the remaining 49%. After further discussion, it was discovered that the project required work in both South Dakota and Minnesota.

With concerns over whether or not the state of South Dakota would have any legal authority to administer a grant for the portion of the project located in the state of Minnesota, Ellis & Eastern Company proposed to submit its CRISI grant application directly to the Federal Railroad Administration and administer the grant if awarded.

A MOTION WAS MADE BY Carmon and seconded by Kirby to provide a letter of support for Ellis & Eastern Company's CRISI grant application. All present voted aye by roll call vote. The motion carried.

With no other business to come before the Board, Cope adjourned the meeting at 12:21 p.m. CDT

DRAFT